

9/6/05 jmj

INTERMOUNTAIN POWER SERVICE CORPORATION

September 6, 2005

Mr. Joel Vatsky
Advanced Burner Technologies
P.O. Box 410
271 Route 202/206
Pluckemin, NJ 07978

Dear Mr. Vatsky:

Dissatisfaction with ABT Opti-Flow Burners in IGS Unit 2

This letter is to express the dissatisfaction of Intermountain Power Service Corporation with the performance of ABT's Opti-flow burners that were installed on Intermountain's Unit 2 in the spring of 2004. We are holding ABT at least partially culpable in the recent failure of the Unit 2 F3 burner module and request ABT's assistance in resolving our concerns.

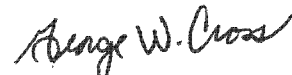
The thermowell design supplied on your burner modules precludes the use of heavy-duty thermocouples (TC's). The bend radius is too tight to allow insertion of the 1/4 inch TC's we specified. The 1/16 inch TC's supplied with the burners are failing prematurely. We are convinced that lack of instrumentation, which would have warned us of a burner fire, contributed to the failure on F3.

We are also experiencing premature wear-related failure of some of our x-vane fuel distributors and elbows at the burner inlet. These failures are unacceptable, especially in burners that are only a little over a year old.

We have suspended plans to replace burners on Unit 1 until we can get these issues resolved. We are requesting assistance from ABT in investigating the cause of these failures and in making them right.

Please contact Mr. Dean Wood at (435) 864-6464 with questions regarding these claims or to set up a plant visit to resolve these issues.

Sincerely,



George W. Cross
President and Chief Operations Officer

 DEW/JKH:jmj

IP7021017

10/11/05 CD

MEMORANDUM

INTERMOUNTAIN POWER SERVICE CORPORATION

TO: George W. Cross Page 1 of 1
FROM: Dennis K. Killian
DATE: October 11, 2005
SUBJECT: Approval of Requisition for Capital Equipment
IGS05-05 - Burner Line Adjustable Restrictors

Please approve the following capital equipment requisition for the purchase of burner line adjustable restrictors for Units 1 and 2. The money comes from a line item in the 2005-2006 budget of \$355,000 with \$205,000 accrued from the 2004-2005 budget. This was accrued due to partial order of the restrictors not accomplished in the 2004-2005 budget year.

If you have any questions, please call Garry Christensen at ext. 6486.

GC/JKH:jmj

attachments

IP7021018

11/2/05 CO
faxed 11/1/05 CO

INTERMOUNTAIN POWER SERVICE CORPORATION

November 1, 2005

Mr. Joel Vatsky
Advanced Burner Technologies
P.O. Box 410
271 Route 202/206
Pluckemin, NJ 07978

Dear Mr. Vatsky:

Invitation to Visit IGS to Inspect Failing Burners

Intermountain Generating Station Unit 2 will be off line this coming Saturday, November 5, 2005. We invite you or your representatives to visit the site to inspect some of the ABT burners in this unit. Mr. Sal Ferrara asked us to inform ABT when an opportunity like this arose. This is the second outage of this type in the past 30 days.

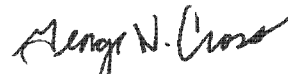
Several IPSC employees in the Engineering department have been in contact with Mr. Ferrara via telephone and e-mail to communicate premature erosion issues we are experiencing with the ABT burners that were installed on IGS Unit 2 in the spring of 2004. We have shared verbal descriptions, written inspection reports, and photographs of these issues with ABT in a good faith effort to get help resolving them. We feel strongly that it is important that your design Engineers visit the site and see for themselves the damage we see in these burners after just 18 months of operation.

We have expressed a desire to work with ABT to come up with a retrofit to these burners, and the fact that we are on a very tight schedule if the retrofit modifications are to be installed during our upcoming major outage on IGS Unit 2 in April of 2006. We need to act now if we are to have any chance of taking advantage of that outage window.


Please let us know in the next day or two if you plan to send someone. We will have knowledgeable personnel on call to host your visit when you arrive.

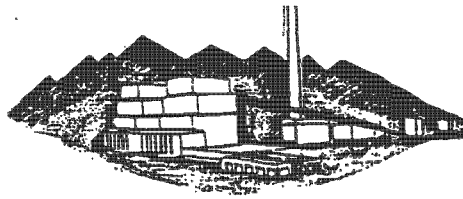
Please contact Mr. Dean Wood at (435) 864-6464 with questions regarding this request.

Sincerely,



George W. Cross
President and Chief Operations Officer

 DEW/JKH:jmj



INTERMOUNTAIN POWER SERVICE CORPORATION

CONFIRMATION: (435) 864-4414 EXT. 6577

FACSIMILE: (435) 864-6670

FACSIMILE COVER SHEET

DATE: 11/1/05

TO: COMPANY NAME: Advanced Burner Techn.
ATTENTION: Joel Watsky
FACSIMILE #: (908) 470-0479

FROM: George Cross EXT: 6501
DEPT: Tech Services

PAGES TO FOLLOW: 1

COMMENTS:

DATE & TIME SENT: 11-1-05 MW 2:57


CONFIRMATION BY: _____

APPROVED BY: _____

4/10/06 CO

MEMORANDUM

INTERMOUNTAIN POWER SERVICE CORPORATION

TO: George W. Cross Page 1 of 3
FROM: Dennis K. Killian 
DATE: April 10, 2006
SUBJECT: Response to Condition of Unit 2 Burners

It is obvious after seeing the state of the Unit 2 burners that we need a plan for their future repair or replacement. Right now, we are documenting the damage to each of the burners with pictures and drawings to use in the design review process or for legal recourse reasons. We will also send out a burner tip for metallurgical and failure analysis.

The weaknesses of the ABT burners seem to be with erosion around the diffuser and at the tip and with structural failure (possibly thermal stresses) at the tip. What we are doing with the diffuser should solve the erosion in the burner barrel for now but, we still have doubts about the long term. The add-on falsies will buy us time with the tip erosion but, they do nothing to solve the inherent design flaw that allows such rapid erosion. We will replace nozzles too broken to install the falsies with straight nozzles similar to what is on Unit 1. We believe these repairs will allow us to operate safely for another two years.

We learned from the review of the B&W burners that even B&W did not respect the amount of radiant heat on burners that large. It took a finite element analysis from an outside consultant we hired for them to incorporate the necessary design changes in the second iteration of Unit 1 burners that have allowed them to operate this long. We may need to do the same thing with the ABT burners.

If nothing else, it might be possible to incorporate the strengths of both the B&W burners and the ABT burners in our own hybrid design. It appears possible to install the B&W conical diffuser, ceramic lined barrel, and stainless steel straight tip with the ABT registers. We would probably lose some of the NO_x reduction but, with the Unit 2 OFA we should still be able to meet the current WEPKO limits. They should work about the same as the current burners on Unit 1.

IP7021021

Before we go that direction, we should give ABT a chance to review their design and make it right with us. However, we need to be careful to not become a research facility for ABT. It is obvious they do not understand long sweep elbows or burners this large.

We might also want to look at other combustion staging tips available from some of the other after market suppliers or from B&W.

Since we will be budgeting for the next Unit 2 outage this summer, we should have a plan together by July or August.

Based on past experience, I think it is very unlikely that ABT would pay for all or any of the repair or modification costs without legal action. If legal action is pursued, the contract states that "No component shall last less than four (4) years before requiring rebuild, restoration, or replacement." The guarantee that they supplied us with their proposal and that was made part of the contract (Division C2 of Contract) actually stated a 6-8 year guarantee for the life of the nozzle. Those parts of the contract are very plain and clear and should give us a solid footing to pursue legal recourse.

For their defense they would probably use the velocity numbers that we gave them in an email to say that they designed for a lower coal flow velocity than what is currently on Unit 2. We would counter that by saying they should have done their own velocity calculations based on the stoichiometry and BTU throughput we had in the contract and that the numbers we supplied were only intended to verify that their calculations were comparable to our actual operating experience. It would improve our legal position if we can prove through finite element analysis that the nozzles are failing from thermal stresses.

ABT is not a large company (see attached Dun & Bradstreet Report) with only 14 employees and very few tangible assets (leased 3,200 square foot facility). However, their contract required Professional Liability insurance with a \$2,500,000 limit which might provide enough promise of return to make a lawsuit worthwhile.

We will prepare a letter to ABT notifying them of the failures and putting them on official notice that we are holding them financially responsible for providing and install the necessary reparations in the future. While we are shooting for the moon, we should also ask for reimbursement for the F3 burner we purchased and for the repair parts we are installing this outage.

IP7021022

In the meantime, we will proceed with our own design review and failure analysis as if everything depends on us, because in reality it probably will.

If you have any further questions concerning this matter, please contact Jerry Hintze at extension 6460.

JKH:jmj

Attachments

cc: Mike Alley
Will Lovell
Dean Wood
Garry Christensen
Aaron Nissen
Phil Hailes
Nancy Bennett

IP7021023



Advanced Burner Technologies Corp

271 Rt 202 206 S
 Pluckemin, NJ 07978
 Phone: 908 470-0470
 D-U-N-S® Number: 01-084-8534 *

Report as of: April 6, 2006**

**Included with this Company Profile Report are continuous tracking of key business changes and free Alert messages in the View My Reports/Alerts page. You can also choose to receive e-mail notifications of the important changes.
 IMPORTANT NOTE: You will not receive e-mail alerts if you have opted out of receiving communications from D&B.

Company Location and Details

County:	SOMERSET
Metropolitan Statistical Area:	Middlesex-Somerset-Hunterdon, NJ
Year Started:	2001
State of Incorporation:	N/A
Number of Employees Here: *	10
Number of Employees Total:	14
Square Footage:	3,200
Bank Name:	N/A
Bank D&B D-U-N-S Number:	N/A
Related Websites:	www.advancedburner.com

Sales Information

Annual Sales: *	\$ 1,800,000
Base Sales:	\$ 1,800,000
Trend Sales:	N/A
3 Year Sales Growth:	N/A
Net Worth:	N/A

Business and Industry Information

Primary SIC: *
 3433, HEATING EQUIPMENT, EXCEPT ELECTRIC
 34330000, HEATING EQUIPMENT, EXCEPT ELECTRIC

Secondary SICs:
 N/A

This is a: *
 PRIVATE COMPANY
 HEADQUARTERS Location

Officers and Executives*

President:	Joel Vatsky
------------	-------------

* Indicates a require

Find out more ai

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Decide with Confidence

Business Information Report

[Print this Report](#)

 Report Printed: APR 06 2006
 In Date

BUSINESS SUMMARY

ADVANCED BURNER TECHNOLOGIES CORP
271 Rt 202-206 South
Pluckemin, NJ 07978

This is a **headquarters** location.
 Branch(es) or division(s) exist.

Mailing address: PO Box 410
 Pluckemin, NJ 07978

Telephone: 908 470-0470

Chief executive: JOEL VATSKY, PRESIDENT

Year started: 1996

Management control: 2001

Employs: 14 (10 here)

History: CLEAR

Financing: SECURED

SIC: 3433

Line of business: Mfg.heating equipment specifically
 operating as a supplier of pulverized
 coal combustion equipment

D-U-N-S Number: 01-084-8534

D&B Rating: 1R3
Number of employees: 1R is 10 or more
 employees.

Composite credit appraisal: 3 is fair.

D&B PAYDEX®:

12-Month D&B PAYDEX: 79

When weighted by dollar amount, payments to
 suppliers average 2 days beyond terms.



Based on trade collected over last 12 months.

SUMMARY ANALYSIS

D&B Rating: 1R3
Number of employees: 1R indicates 10 or more employees.
Composite credit appraisal: 3 is fair.

The 1R and 2R ratings categories reflect company size based on the total number of employees for the business. They are assigned to business files that do not contain a current financial statement. In 1R and 2R Ratings, the 2, 3, or 4 creditworthiness indicator is based on analysis by D&B of public filings, trade payments, business age and other important factors. 2 is the highest Composite Credit Appraisal a company not supplying D&B with current financial information can receive. For more information, see the D&B Rating Key.

Below is an overview of the company's rating history since 05/05/98:

D&B Rating	Date Applied
1R3	01/10/05
1R4	01/28/04
2R3	04/07/03
2R2	09/09/02
2R3	04/07/99
--	05/05/98

The Summary Analysis section reflects information in D&B's file as of April 3, 2006.

CUSTOMER SERVICE

Got a question about D&B Small Business Solutions? Need help using one of our small business services? No problem! Our dedicated team of friendly support technicians is only a mouse click or phone call away.



[Click here](mailto:sbsSupport@dnb.com) to email us with your questions at sbsSupport@dnb.com.



If you'd like to speak with one of our member support technicians directly, call toll-free 1-866-472-7362, Monday thru Friday, 7:30 AM to 7:00 PM CST.

HISTORY

The following information was reported **11/29/2005**:

Officer(s): JOEL VATSKY, PRESIDENT

DIRECTOR(S): THE OFFICER(S)

Business started 1996 by the officers. 100% of capital stock is owned by JOEL VATSKY.

JOEL VATSKY born 1943. 1974-1997 employed by Foster Wheeler Corp, Clinton, NJ. 1997-present active here.

Business address has changed from 350 Main St, Bedminster, NJ, 07921 to 271 Rt 202/206s, Pluckemin, NJ, 07978.

CORPORATE FAMILY

Click below to buy a Business Information Report on that family member.

Branches (US):

Advanced Burner Technologies Corp

Bedminster, NJ

DUNS # 79-952-7812

BUSINESS REGISTRATION

CORPORATE AND BUSINESS REGISTRATIONS REPORTED BY THE SECRETARY OF STATE OR OTHER OFFICIAL SOURCE AS OF MAR 07 2003:

The following data is for informational purposes only and is not an official record. Certified copies may be obtained from the Pennsylvania Department of State.

Registered Name: ADVANCED BURNER TECHNOLOGIES CORP.

Business type: CORPORATION
Corporation type: PROFIT
Date incorporated: JAN 07 1997
State of incorporation: PENNSYLVANIA
Filing date: JAN 07 1997
Registration ID: 2732425
Status: INACTIVE

Where filed: SECRETARY OF STATE/CORPORATIONS DIVISION, HARRISBURG, PA
Principals: SHEKELL, LAWRENCE G, CHIEF EXECUTIVE OFFICER
POLUTNIK, JOHN E, VICE PRESIDENT

OPERATIONS

11/29/2005

Description: Manufactures heating equipment, specifically operating as a supplier of pulverized coal combustion equipment (100%).

Website: www.advancedburner.com.

Has 10-20 account(s). Terms are on a contract basis. Sells to commercial concerns. Territory : International.

Employees: 14 which includes officer(s). 10 employed here.

Facilities: Leases 3,200 sq. ft. in on two floor of building.

Location: Central business section on side street.

Branches: Subject maintains a branch location Jacksonville, Florida & Chatanooga, Tennessee.

SIC & NAICS**SIC:**

Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific to a company's operations than if we use the standard 4-digit code.

The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

34330000 Heating equipment, except electric

NAICS:

333414 Heating Equipment Manufacturing, (except Electric and Warm Air Furnaces)

D&B PAYDEX

The D&B PAYDEX is a unique, dollar weighted indicator of payment performance based on up to 20 payment experiences as reported to D&B by trade references.

3-Month D&B PAYDEX: 67

When weighted by dollar amount, payments to suppliers average 18 days beyond terms.

**12-Month D&B PAYDEX: 79**

When weighted by dollar amount, payments to suppliers average 2 days beyond terms.



Based on trade collected over last 3 months.

Based on trade collected over last 12 months.

When dollar amounts are not considered, then approximately 95% of the company's payments are within terms.

PAYMENT SUMMARY

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	Total Rcv'd (#)	Total Dollar Amts (\$)	Largest High Credit (\$)	Within Terms (%)	Days Slow <31 31-60 61-90 90> (%)			
Top industries:								
Nonclassified	6	1,750	500	100	-	-	-	-
Trucking non-local	4	5,350	2,500	77	23	-	-	-
Whol metal	3	35,000	20,000	71	29	-	-	-
Short-trm busn credit	2	7,550	7,500	100	-	-	-	-
Mfg process controls	1	200,000	200,000	100	-	-	-	-
Air courier service	1	750	750	100	-	-	-	-
Radiotelephone commun	1	500	500	100	-	-	-	-
Arrange cargo transpt	1	250	250	100	-	-	-	-
Telephone communictns	1	50	50	100	-	-	-	-
Other payment categories:								
Cash experiences	0	0	0					
Payment record unknown	0	0	0					
Unfavorable comments	0	0	0					
Placed for collections:								
With D&B	0	0						
Other	0	N/A						
Total in D&B's file	20	251,200	200,000					

The highest **Now Owes** on file is \$15,000

The highest **Past Due** on file is \$0

D&B receives over 600 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received.

PAYMENT DETAILS**Detailed Payment History**

Date Reported (mm/yy)	Paying Record	High Credit (\$)	Now Owes (\$)	Past Due (\$)	Selling Terms	Last Sale Within (months)
03/06	Ppt	50	0	0		2-3 mos
	Ppt-Slow 30	2,500	0	0	N15	6-12 mos
02/06	Ppt	2,500	750	0		1 mo

	Ppt	500	0	0		2-3 mos
	Ppt	250	0	0		1 mo
	Ppt	250	0	0		4-5 mos
	Ppt	250	250	0		1 mo
	Ppt	250	250	0		1 mo
	Ppt	250	0	0		6-12 mos
	Ppt	100	0	0		6-12 mos
	Ppt	50	0	0		6-12 mos
01/06	Ppt-Slow 30	20,000	0	0	1/2 10 N30	2-3 mos
12/05	Ppt	750	750	0		1 mo
	Ppt	250	100	0		1 mo
	Ppt	0	0	0		2-3 mos
11/05	Ppt	15,000	15,000	0		1 mo
05/05	Ppt	250	0	0		6-12 mos
04/05	Ppt	7,500	500	0		
02/05	Ppt	500	0	0	N30	6-12 mos
12/04	Ppt	200,000	0	0		6-12 mos

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

FINANCE

03/16/2005

On March 16, 2005, attempts to contact the management of this business have been unsuccessful. Outside sources confirmed operation and location.

PUBLIC FILINGS

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

UCC FILINGS

Collateral: All Assets
Type: Original
Sec. party: POLUTNIK, JOHN E., NORTH HUNTINGTON, PA
Debtor: ADVANCED BURNER TECHNOLOGIES CORP.
Filing number: 20904456
Filed with: SECRETARY OF STATE/UCC DIVISION, TRENTON, NJ

Date filed: 03/06/2002
Latest Info Received: 04/01/2002

Collateral: All Assets
Type: Original
Sec. party: SHEKELL, LAWRENCE G, CHAMPION, PA
Debtor: ADVANCED BURNER TECHNOLOGIES CORP
Filing number: 34930959
Filed with: SECRETARY OF STATE/UCC DIVISION, HARRISBURG, PA

Date filed: 02/15/2002
Latest Info Received: 03/11/2002

Collateral: All Assets

Type: Original
 Sec. party: POLUTNIK, JOHN E, NORTH HUNTINGDON, PA
 Debtor: ADVANCED BURNER TECHNOLOGIES CORP
 Filing number: 34930958
 Filed with: SECRETARY OF STATE/UCC DIVISION, HARRISBURG, PA

Date filed: 02/15/2002
 Latest Info Received: 03/11/2002

Collateral: Inventory including proceeds and products - Accounts receivable including proceeds and products - Account(s) including proceeds and products - Computer equipment including proceeds and products - and OTHERS

Type: Original
 Sec. party: PNC BANK, NATIONAL ASSOCIATION, BLUE BELL, PA
 Debtor: ADVANCED BURNER TECHNOLOGIES CORP.
 Filing number: 20911751
 Filed with: SECRETARY OF STATE/UCC DIVISION, TRENTON, NJ

Date filed: 03/07/2002
 Latest Info Received: 04/01/2002

Collateral: Inventory including proceeds and products - Accounts receivable including proceeds and products - Account(s) including proceeds and products - General intangibles(s) including proceeds and products - and OTHERS

Type: Original
 Sec. party: PNC BANK NATIONAL ASSOCIATION, BLUE BELL, PA
 Debtor: ADVANCED BURNER TECHNOLOGIES CORP
 Filing number: 34930960
 Filed with: SECRETARY OF STATE/UCC DIVISION, HARRISBURG, PA

Date filed: 02/15/2002
 Latest Info Received: 03/11/2002

Collateral: Accounts receivable including proceeds and products - Inventory including proceeds and products - Account(s) including proceeds and products - Computer equipment including proceeds and products - and OTHERS

Type: Original
 Sec. party: PNC BANK, PHILADELPHIA, PA
 Debtor: ADVANCED BURNER TECHNOLOGIES, LLC
 Filing number: 2069161
 Filed with: SECRETARY OF STATE/UCC DIVISION, TRENTON, NJ

Date filed: 10/05/2001
 Latest Info Received: 11/05/2001

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

GOVERNMENT ACTIVITY

Activity summary

Borrower (Dir/Guar):	NO
Administrative debt:	NO
Contractor:	NO
Grantee:	NO
Party excluded from federal program(s):	NO


Possible candidate for socio-economic program consideration

Labor surplus area:	N/A
Small Business:	YES (2006)
8(A) firm:	N/A

IP7021030

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

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IP7021031

4/25/06 CD

INTERMOUNTAIN POWER SERVICE CORPORATION

April 24, 2006

Mr. Joel Vatsky
Advanced Burner Technologies
P.O. Box 410
271 Route 202/206
Pluckemin, NJ 07978

Dear Mr. Vatsky:

Request for Repair of Intermountain Generating Station Unit 2 Burners

In March 2004, we installed 48 of your Opti-Flow Low NO_x Burners in Unit 2 at the Intermountain Generating Station under Contract 45606. Since that time, we have experienced numerous problems with the burners. Among the most important identified to date are the following:

1. Erosion of the burner barrel just downstream of the long-sweep elbow. This has occurred on every burner and we believe it is caused by the diffuser assembly you designed and supplied that is located in the elbow.
2. Erosion of the burner nozzles where it divides into the six segments just prior to discharge. Every burner showed significant erosion with many having multiple holes.
3. Severe cracking and structural failure of the burner nozzle which originates from the weld of the nozzle to the burner barrel. The cracking of the nozzles was so severe on 15 of the 48 burners on a recent inspection that those 15 nozzles had to be removed and replaced.
4. Erosion of the ceramic lined long-sweep elbow and X-vane diffuser.
5. One burner (F3), was completely replaced because it was damaged in a burner fire on June 25, 2005. After inspecting the damaged burner, we believe the fire was caused by a hole eroded in the burner barrel just after the elbow. We believe the hole allowed coal to enter the inner air sleeve and eventually catch on fire damaging the burner.

The contract you signed with us on September 12, 2003 contained several clauses pertaining to the failures that we have experienced. For example, Division F2, Article 5, Paragraph "g" states:

"Experience based and verified wear-life shall be quoted within the bid for all burner components. No component shall last less than four (4) years before requiring rebuild, restoration, or replacement."

Mr. Joel Vatsky
April 24, 2006
Page 2

Also, Division F2, Article 5, Paragraph "f" states:

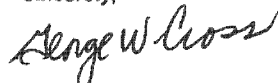
"The burner assemblies shall be fabricated of quality material sufficient to withstand the significant thermal stresses occurring within the windbox as a result of both radiant and convective heating. Any deformation causing malfunction of register assemblies or misdirection of flow through the burner within the period of guaranteed operability shall be repaired at the earliest possible opportunity and charged to Contractor."

Due to the need for continued operation of IGS Unit 2, we have purchased the materials necessary to temporarily repair the burners. However, we are now requesting the following remedial actions from ABT according to the terms of the contract:

1. With no additional IPSC reimbursement, ABT should make the necessary modifications to their design to solve all of the problems we have experienced with the burners as outlined in this letter and to otherwise meet all of the specifications of the contract.
2. With no additional IPSC reimbursement, ABT should supply the necessary materials and manpower to install those design changes on all 48 of the IGS Unit 2 burners. This work should be done on the next Unit 2 major outage scheduled for the spring of 2008.
3. ABT should reimburse IPSC for the burner purchased to replace the fire-damaged F3 burner. We believe the fire was the direct result of an ABT design flaw that allowed rapid erosion of the burner barrel.
4. ABT should reimburse IPSC for the materials purchased from ABT to repair the burners during our April 2006 Unit 2 outage.

If you have any questions concerning this matter, please contact Jerry Hintze at (435) 864-6460.

Sincerely,



George W. Cross
President and Chief Operations Officer

 JKH:jmj


cc: Garry Christensen
Phil Hailes
Will Lovell
Mike Alley
Robert Rees
Nancy Bennett

IP7021033

9/13/07 CO

MEMORANDUM

INTERMOUNTAIN POWER SERVICE CORPORATION

TO: George W. Cross
FROM: Dennis K. Killian 
DATE: September 13, 2007
SUBJECT: Manual Requisition Approval for Failure Analysis on Burner Tip

Page 1 of 1

Please approve the attached manual requisition for a failure analysis to be performed by Thiesch Engineering on an Advanced Burner Technology (ABT) burner tip.

In the August 1, 2007 meeting at IPSC, Robert Allen from Siemens stated that from their analysis, the primary failure mechanism was erosion/thinning and then cracking propagated from the thinned areas. Technical Services personnel have also seen cracking not attached to any erosion areas and feel that an independent failure analysis on a failed ABT tip would be beneficial. This evaluation is not for contention purposes but to help verify and cover any other failure mechanisms so the new design will be successful.

The analysis work will be charged to work order 06-03474 Capital Project IGS07-2.

Any questions regarding this request may be directed to Garry Christensen at extension 6486.

GC/DEW:jmj
Attachment

IP7021034

PO NUMBER: 08-64792
VENDOR: 9119 SIEMENS POWER GENERATION
DELIVER TO: GARRY CHRISTENSEN

RN	STK		QUANTITY	QUANTITY	QUANTITY	UNIT/ISSUE EA
LN	NUMBER	DESCRIPTION	ORDERED	RECEIVED	DUE	1 EA PER EA
1	DIRECT		48	48	0	
		INJECTORS, FUEL				
	PO LINE NO:	1				
	WO NUMBER:	06-03474-0				
	ACCOUNT NO:	00-2SGX-402				

RN	STK		QUANTITY	QUANTITY	QUANTITY	UNIT/ISSUE EA
LN	NUMBER	DESCRIPTION	ORDERED	RECEIVED	DUE	1 EA PER EA
2	DIRECT		48	48	0	
		X-VANE				
	PO LINE NO:	2				
	WO NUMBER:	06-03474-0				
	ACCOUNT NO:	00-2SGX-402				

RN	STK		QUANTITY	QUANTITY	QUANTITY	UNIT/ISSUE EA
LN	NUMBER	DESCRIPTION	ORDERED	RECEIVED	DUE	1 EA PER EA
3	DIRECT		48	48	0	
		ELBOWS, FLAT BACK				
	PO LINE NO:	3				
	WO NUMBER:	06-03474-0				
	ACCOUNT NO:	00-2SGX-402				

NOTES RECEIVED PER GARRY CHRISTENSEN AND PACKING SLIPS

RECEIVED BY: _____ DATE: _____

IP7021035

*** FREIGHT INFORMATION PAGE ***

PO NUMBER... 08-64792
RECEIPT DATE 05/01/08
VENDOR 9119

SIEMENS POWER GENERATION

SHIP DATE.....	05/01/08	CITY ORIGIN.....
CHECK COUNT BY.....	GC	STATE ORIGIN.....
OSD NUMBER.....		PO STATUS..C/B.....
PPD OR COL.....	P	TRANS MODE.....
PRO NUMBER.....	VARIOUS	CAR NUMBER.....
PACKING SLIP NO'S'..		SHIPPER'S NO.....
.....		WAY BILL NO.....
		TOTAL WEIGHT.....
SCAC (CARRIER).....		

RECEIVED BY: _____ DATE: _____

IP7021036

STRAIGHT BILL OF LADING - SHORT FORM - ORIGINAL - NOT NEGOTIABLE

RECEIVED, subject to the conditions and liability stated herein, is effect on the date of issue of this Original Bill of Lading. The carrier, its servants and agents, shall not be liable for loss of or damage to goods or for delay in delivery of goods, unless the carrier, its servants or agents, shall be proved to have been negligent or to have committed an act of wilful misconduct. The carrier, its servants and agents, shall not be liable for loss of or damage to goods or for delay in delivery of goods, unless the carrier, its servants or agents, shall be proved to have been negligent or to have committed an act of wilful misconduct. The carrier, its servants and agents, shall not be liable for loss of or damage to goods or for delay in delivery of goods, unless the carrier, its servants or agents, shall be proved to have been negligent or to have committed an act of wilful misconduct.

Shipper hereby certifies that he is familiar with all the terms and conditions of the said bill of lading, including those on the back thereof, and that he agrees to be bound by them. The shipper agrees to indemnify the carrier, its servants and agents, from and against all claims, damages, losses and expenses, including reasonable attorney's fees, which may be incurred by the carrier, its servants or agents, in connection with the transportation of the goods described herein, and to hold the carrier, its servants and agents, harmless from and against the same.

From **Casale Industries Inc.**
400 South Ave.
Garwood, N.J. 07027

TO **Intermountain Power Service Corp.**
850 West Bush Wellman Road
Delta, Utah 84624-9546

DATE **4-11-08**

CARRIER **Harvey Trucking**

DELIVERING CARRIER **Nathaniel Tomahawk**

SHIPPER'S NO. **4911**

CARRIER'S NO.

NO. OF PACKAGES	DESCRIPTION OF ARTICLES, SPECIAL MARKS AND EXCEPTIONS	WEIGHT	CLASS OR RATE	INITIALS & NO.
8	Fuel Injectors	2500/each		
	(5) spw FUEL INJECTORS.			
	(3) cefw FUEL INJECTORS.			
	APT PO# A07-008-414			
	38-64792			
	Deliveries made Mon-Fri			
	0700 thru 1600 local time			
	Contact Gary Christensen			
	(435-864-6486)			
	*3rd Party Billing - APT-271 Rate 200.0000			
	P.O. Box 410			
	Blackburn, NJ 07978			

When transporting hazardous materials, the shipper must comply with the applicable regulations of the Department of Transportation. The shipper must provide the carrier with a copy of the shipping papers and a copy of the emergency response phone number. The shipper must provide the carrier with a copy of the shipping papers and a copy of the emergency response phone number.

SHIPPER'S CERTIFICATION: This is to certify that the above-named materials are property of the shipper, are in good condition, and are being transported in conformity with the applicable regulations of the Department of Transportation. The shipper warrants that the bill of lading is a true and correct statement of the contents, weight, and value of the goods described herein.

THIS SHIPMENT IS CORRECTLY DESCRIBED.

CORRECT WEIGHT IS _____ LBS.

SHIPPER, Per _____

Agent, Per _____

SHIPMENT IS CORRECTLY DESCRIBED.


STRAIGHT BILL OF LADING—SHORT FORM—ORIGINAL NOT NEGOTIABLE

DESIGNATE WITH AN (X)
BY TRUCK ☒ FREIGHT

RECEIVED, subject to the classifications and tariffs filed in effect on the date of issue of this Original Bill of Lading, the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned and destined as indicated below, which bill carrier (the word carrier being understood throughout this contract as meaning any person or corporation in possession of the property under the contract) agrees to carry to its usual place of delivery at said destination, if on its route, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any part of said property, that every service to be performed hereunder shall be subject to all the terms and conditions of the Uniform Domestic Straight Bill of Lading set forth (1) in Uniform Freight Classification in effect on the date hereof, if this is a rail or a rail-water shipment, or (2) in the applicable motor carrier classification or tariff if this is a motor carrier shipment.

Shipper hereby certifies that he is familiar with all the terms and conditions of the said bill of lading, including those on the back thereof, set forth in the classification or tariff which governs the transportation of this shipment, and the said terms and conditions are hereby agreed to by the shipper and accepted for himself and his assigns.

From Casale Industries Inc.
400 South Ave.
At Garwood, N.J. 07027
CONSIGNEE AND DESTINATION Intermountain Power Service Corp.
850 West Brush Wellman Road
Delta, Utah. 84624-9546

DATE 4-10-08.
SHIPPER'S NO. 4911
CARRIER 
BY Harvey Trucking
ROUTE DELIVERING CARRIER
CAR OR VEHICLE INITIALS & NO.

NO. PACKAGES	HM	DESCRIPTION OF ARTICLES, SPECIAL MARKS AND EXCEPTIONS	WEIGHT	CLASS OR RATE	✓
8		Fuel Injectors	2,500/each		
		(1) CW INJECTOR.			
		(7) CCW INJECTOR.			
		Sunday Delivery			
		ABT PO# A07-008-414			
		00-64792			
		Deliveries made Mon-Fri			
		0700 thru 1600 local time			
		Contact Garry Christensen			
		(435-864-6486)			
		* 3 rd Party Billing - ABT-271 Rate 202/506 *			
		P.O. Box 410			
		Pluckemin, N.J. 07978			

Subject to Section 7 c conditions of bill of lading, if this shipment is to be delivered to the consignee without recourse on the consignor, the consignor shall sign the following statement.
The carrier shall not make delivery of this shipment without payment of freight and other lawful charges.

Per (Signature of Consignor)
If charges are to be pre-paid, write or stamp here, "To be Prepaid".

Received \$ to apply in prepayment of the charges on the property described hereon.

Agent or Cashier.

Per (The signature here acknowledges only the amounts prepaid)
Charges Advanced:

When transporting hazardous materials include the technical or chemical name for each, not character specified or generic, description of material with appropriate UN or NA number as defined in US DOT Emergency Response Communication Standard (HMA-125C). Provide emergency response phone number in case of incident or accident. (in box at risk)

EMERGENCY RESPONSE PHONE NO.

SHIPPER'S CERTIFICATION: This is to certify that the above-named materials are properly classified, described, packaged, marked and labeled, and are in the proper condition for transportation according to the applicable regulations of the Department of Transportation.

SIGNATURE

TITLE

If the shipment moves between two ports by a carrier by water, the law requires that the bill of lading shall state whether it is "carrier's or shipper's right".
Shipper's Imprints in lieu of a stamp, not a part of the Bill of Lading approved by the Interstate Commerce Commission.
Note - Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property.
The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding

THIS SHIPMENT IS CORRECTLY DESCRIBED:

CORRECT WEIGHT IS _____ LBS.

(The bills boxes used for this shipment conform to the specifications set forth in the box makers certificate thereon, and all other requirements of the Consolidated Freight Classification.

Per

Shipper

Shipper, Per

Agent, Per

C.O.D. SHIPMENT

C.O.D. Amt

Collection Fee

Total Charges \$0.00

IP7021038

FROM: Casale Industries Inc.
 400 South Ave.
 Al Garwood, N.J. 07027
 CONSIGNEE: Intermountain Power Service Corp.
 850 West Brush Wellman Road
 Delta, Utah 84624-9546

DATE: 4-4-88
 CARRIER: HARRY TRUCKING
 CARRIER'S NO: 4911
 BY: HARRY TRUCKING
 ROUTE: HARRY TRUCKING
 SALT ON VEHICLE: 9854-002
 INITIALS & NO: 9854-002

NO. OF PACKAGES	MARKS AND DESCRIPTIONS	WEIGHT	CLASS OR RATE	Subject to Section 7
0	Fuel Injectors	2500/each		Subject to Section 7
	(3) CCW INJECTORS.			Subject to Section 7
	(5) CW INJECTORS.			Subject to Section 7
	AST PO# A07-008-414			Subject to Section 7
	Deliveries made Mon-Fri			Subject to Section 7
	0700 hrs 1600 local time			Subject to Section 7
	Contact Gary Christensen			Subject to Section 7
	(435-864-6486)			Subject to Section 7
	*3rd Party Billing - AST 317-844-1000			Subject to Section 7
	P.O. Box 410			Subject to Section 7
	Blackburn, NJ 07978			Subject to Section 7

RECEIVED \$ _____
 TO APPLY IN PAYMENT OF THE CHARGE ON THE PROPERTY DESCRIBED HEREIN

Agent or Cashier: _____
 Per: _____
 (The shipper here certifies that the above is correct.)
 Charge Advanced: _____

C.O.D. SHIPMENT
 C.O.D. Amt: _____
 Collection Fee: \$0.00
 Total Charges: \$0.00

27 FEB 2008

08-64792

9119

234399

SIEMENS POWER GENERATION
440 ALAFAYA TRAIL
ORLANDO, FL 32826

* * * S H I P T O * * *
INTERMOUNTAIN POWER SERVICE CORPORATION
850 W. BRUSH WELLMAN RD.
DELTA , UT 84624-9546

X BEST WAY AS INVOICED S/P P.P. & ADD 1 1 NONE

48	EA	LINE 1 INJECTORS, FUEL	2SGX-402 06-03474-0	12,864.58	617,499.84
48	EA	LINE 2 X-VANE	2SGX-402 06-03474-0	1,354.17	65,000.16
48	EA	LINE 3 ELBOWS, FLAT BACK	2SGX-402 06-03474-0	4,062.50	195,000.00

NB

**NOTE: THIS PURCHASE ORDER IS FOR ACCOUNTING
TRACKING PURPOSES ONLY**

REFERENCE ATTACHED SETTLEMENT CONTRACT

DATE REQUIRED 02/27/09

TOTAL COST 877,500.00

NANCY BENNETT 435-864-4414

REVIEWED BY GEORGE CROSS

IP7021041

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO	2291	
CONNECTION TEL		912133670269
CONNECTION ID		
ST. TIME	11/29 16:31	
USAGE T	00'30	
PGS. SENT	2	
RESULT	OK	

INTERMOUNTAIN POWER SERVICE CORPORATION

November 28, 2007

Mr. Aram H. Benyamin
Operating Agent for the Intermountain Power Project
Los Angeles Department of Water and Power
111 North Hope Street
P.O. Box 51111, Room 1263
Los Angeles, CA 90051-0100

Requisition 234399 - Low NOx Burner Equipment

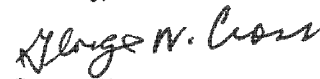
Dear Mr. Benyamin:

Attached for your review and approval is Requisition 234399 to provide Low NOx Burner equipment. This work will be source-directed to Siemens Power Generation per an agreement reached during a meeting with Siemens and IPSC on October 31, 2007.

This requisition has been reviewed and approved by IPSC's Management. Your approval to proceed is requested by Monday, December 3, 2007. Please fax your approval to Nancy Bennett at (435) 864-6678.

If you have any questions regarding this request, please contact Jerry Hintze, ext. 6460 or Nancy Bennett, ext. 6538.

Sincerely,



George W. Cross
President and Chief Operations Officer

NB
Attachment

IP7021042

INTERMOUNTAIN POWER SERVICE CORPORATION

November 28, 2007

Mr. Aram H. Benyamin
Operating Agent for the Intermountain Power Project
Los Angeles Department of Water and Power
111 North Hope Street
P.O. Box 51111, Room 1263
Los Angeles, CA 90051-0100

Requisition 234399 - Low NOx Burner Equipment

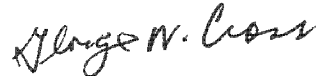
Dear Mr. Benyamin:

Attached for your review and approval is Requisition 234399 to provide Low NOx Burner equipment. This work will be source-directed to Siemens Power Generation per an agreement reached during a meeting with Siemens and IPSC on October 31, 2007.

This requisition has been reviewed and approved by IPSC's Management. Your approval to proceed is requested by Monday, December 3, 2007. Please fax your approval to Nancy Bennett at (435) 864-6678.

If you have any questions regarding this request, please contact Jerry Hintze, ext. 6460 or Nancy Bennett, ext. 6538.

Sincerely,



George W. Cross
President and Chief Operations Officer

NB
Attachment

c: George W. Cross w/o Attachment
Wes Bloomfield w/o Attachment
Jerry Hintze w/o Attachment
Garry Christensen w/o Attachment
File

IP7021043

From: Jerry Hintze
To: Nancy Bennett
Date: 11/28/2007 12:33 PM
Subject: Fwd: RE: Settlement Review for Siemens

Proof that Jason is looking at the settlement

>>> "Jason W. Hardin" <jhardin@fabianlaw.com> 11/16/2007 11:49 AM >>>
George,

My concerns for the new proposal/agreement are that you have express warranties on the re-designed components, that you do not waive your implied by law warranties, and that the new agreement is with Siemens, not ABT.

In any event, here are my suggestions for the Comprehensive Settlement Agreement.

Paragraph 1.

In the second to last sentence of the last paragraph of this section, the word "and" needs to be deleted, such that the sentence reads: "Siemens shall also be responsible for its Commissioning costs . . . "

Paragraph 2.

IMPORTANT -- In the last sentence of the paragraph, add the phrase "and Siemens" after the phrase "obligations of ABT" and add the following phrase to the end of the last sentence: ", and nothing herein shall, or shall be deemed to, waive, release, discharge or otherwise affect any express or implied warranties that IPSC has or may have with respect to the re-designed equipment or components or the re-designs themselves or any claims, demands, actions or causes of action that IPSC might have in the future regarding the re-designed equipment or components or the re-designs themselves". The last sentence of Section 2 should now read: "The provisions of this paragraph 2 shall not be deemed to waive, release or discharge any obligations of ABT and Siemens under the Proposal, including but not limited to any warranties on the components to be provided under the Proposal, and nothing herein shall, or shall be deemed to, waive, release, discharge or otherwise affect any express or implied warranties that IPSC has or may have with respect to the re-designed equipment or components or the re-designs themselves or any claims, demands, actions or causes of action that IPSC might have in the future regarding the re-designed equipment or components or the re-designs themselves."

In addition, IPSC should insert a similar release for itself into Section 2. It should read:

Siemens on behalf of itself, its owners, shareholders, members, partners, officers, directors, employees, affiliates, insurers, subrogees, predecessors, successors, and assigns, releases, acquits, waives and forever discharges IPSC, its respective affiliates, subsidiaries, suppliers, contractors and subcontractors, and the subsidiaries, affiliates, directors, officers, employees, agents, suppliers, predecessors in interest, successors, insurers and assigns of any of them (the "IPSC Released Parties") from any and all past, present or future claims, liabilities, demands, costs, damages, actions, causes

IP7021044

of action, rights, judgments, debts, contracts, promises, allegations, obligations, duties, suits, expenses, assessments, penalties, charges, injuries, losses, sanctions, contempt proceedings, attorney's fees, injunctive relief and any other causes of action of whatsoever character, at law and in equity, whether known or unknown, asserted or assertable, and whether based in contract, in tort (including misrepresentation, negligence or strict liability), in equity or otherwise, arising out of, resulting from or in any way connected with, either directly or indirectly (a) Claims, (b) the Contract, (c) or any engineering, services, equipment, material and other work provided or not provided by IPSC in relation to ABT's work on the Intermountain Power Plant Unit #2, including but not limited to, any defects, nonconformities, impact on operability or functionality.

Paragraph 9.

I would add the following two sub-paragraphs:

"This Agreement may not be modified or waived other than in writing signed by all of the Parties bound hereto."

"This Agreement may be executed in duplicate original counterparts, each of which shall be considered an original for all purposes."

Please call or email me with any questions.

Jason

-----Original Message-----

From: George Cross [mailto:GEORGE-C@ipsc.com]
Sent: Friday, November 16, 2007 11:09 AM
To: Jason W. Hardin
Subject: RE: Settlement Review for Siemens

Jason, we called and talked to them, and although the letter implies there is a separate proposal document. There is not. They will just make an agreement to sign that has the same elements of the received letter.

George

>>> "Jason W. Hardin" <jhardin@fabianlaw.com> 11/16/2007 10:57 AM >>>
George,

Will you please send me a copy of the Proposal? I would like to see it before signing off on the settlement agreement.

Thanks,
Jason

-----Original Message-----

From: George Cross [mailto:GEORGE-C@ipsc.com]
Sent: Friday, November 16, 2007 8:48 AM
To: Jason W. Hardin
Subject: RE: Settlement Review for Siemens

Thanks Jason

IP7021045

>>> "Jason W. Hardin" <jhardin@fabianlaw.com> 11/16/2007 8:42 AM >>>
George, I reviewed it last night. My comments are mostly minor. I am
on the road right now, but will be in the office after 10:30. I will
forward my comments to you after that and before noon.

-----Original Message-----

From: "George Cross" <GEORGE-C@ipsc.com>
To: "Jason W. Hardin" <jhardin@fabianlaw.com>
Sent: 11/16/2007 8:23 AM
Subject: Settlement Review for Siemens

Jason,

The settlement agreement is OK with us but I need to let them know for a
meeting Siemens has this coming Monday if there are any other legal
issues that need to be addressed. I will be in California Monday, so if
you have any comments they would be helpful to receive them today.

Thanks,

George

IP7021046

2/27/09

Sale Source
Per Settlement Agreement
RBA
4/20/08

IP7021047

**COMPREHENSIVE SETTLEMENT AGREEMENT
AND GENERAL RELEASE, AND DISMISSAL OF LITIGATION**

This Comprehensive Settlement Agreement and General Release (hereinafter "Agreement") is entered into and effective as of January 2, 2008 by and between Intermountain Power Service Corporation, a non-profit organization under contract to the Intermountain Power Agency, a political subdivision of the state of Utah (hereinafter "IPSC"), and Siemens Power Generation Inc., a corporation organized and existing under the laws of the State of Delaware with offices at 4400 Alafaya Trail, Orlando Florida (hereinafter "Siemens").

WHEREAS, IPSC executed Contract No. 04-45606 with Advanced Burner Technologies, a corporation with its principal office in Bedminster, New Jersey (hereinafter "ABT"), for the Intermountain Power Plant Unit #2 dated September 17, 2003, (hereinafter "Contract"), under which ABT agreed to supply IPSC with Low NOx Burners as detailed in the Contract Documents; and,

WHEREAS, on or about May 31, 2006 Siemens acquired ABT; and,

WHEREAS, IPSC has made certain claims, demands, allegations, and assertions with respect to the equipment furnished or required to be furnished under the Contract regarding the issues of multiple nozzle cracks and failures, and excessive thinning of the fuel piping and nozzles, including those raised (or which could have been raised) in IPSC's various correspondence to ABT and Siemens subsequent to the date of the Contract, and as set forth in the complaint and jury demand filed by IPSC on January 30, 2007, in the Fourth Judicial District Court, Millard County, State of Utah, against Defendants, Civil No. 070700017 (the "Complaint") (hereinafter, collectively, the "Claims"); and,

WHEREAS, IPSC, ABT and Siemens desire to resolve such Claims fully and finally on an amicable basis;

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the legal sufficiency of which is hereby acknowledged by the Parties who agree to be legally bound, IPSC, ABT and Siemens agree as follows:

1. **Consideration:**

Siemens provided a proposal for the provision of new burners to IPSC during the October 31, 2007 meeting at Intermountain Power (the "Claim Cost Sharing: Proposed 50/50 Siemens and Intermountain" (hereinafter referred to as the "Proposal") which shall be attached hereto as Exhibit "A". IPSC will grant ABT and Siemens the release and dismissal, described below, in exchange for Siemens providing the following Low NOx Burner equipment, subject to and as more fully set forth in "Scope of Supply, Financial Responsibility & Conditions" dated December 18, 2007 (hereinafter referred to as the "Scope of Supply") which shall be attached hereto as Exhibit "B":

	<u>Material Cost</u>
Fuel Injectors:	\$1,235,000.
X Vanes:	130,000.
Elbows:	<u>390,000.</u>
Total Material:	\$1,755,000.

The Parties agree to split the above Material Cost on a 50/50 basis, and IPSC shall pay Siemens a total of \$877,500 within thirty (30) days after delivery of the aforesaid equipment .

Otherwise, each party shall bear its own costs of investigating the Claims, negotiating and consummating this settlement (including any costs associated with Siemens conduct of the Six Sigma root cause investigation. Siemens shall also be responsible for its Commissioning costs associated with the newly re-designed equipment pursuant to item 12 of the Scope of Supply, Exhibit "B". IPSC shall be responsible for costs associated with removal of the existing equipment and installation of the newly re-designed equipment.

The equipment, components, services and materials furnished by Siemens under the Scope of Supply shall be subject to any Contract warranty, remedies and limitations on the original equipment provided under the Contract for the balance of the original warranty period only, and at the end of such period, all such warranties and remedies will expire and be null and void, except as to any valid warranty claims made by IPSC prior to such expiration on the equipment, components, services and materials furnished by Siemens or ABT under the Scope of Supply. For the avoidance of doubt, the expiration of said warranty period is May 1, 2012 for Coal Nozzle Tips and May 1, 2009 for all other equipment, components and materials supplied by Siemens under this Comprehensive Settlement Agreement and General Release, and one year after the performance of the service for any services supplied by Siemens under this Comprehensive Settlement Agreement and General Release.

2. **Release:**

(a) IPSC on behalf of itself, its owners, shareholders, members, partners, officers, directors, employees, affiliates, insurers, subrogees, predecessors, successors, and assigns, releases, acquits, waives and forever discharges Siemens and ABT (jointly and severally), their respective affiliates, subsidiaries, suppliers, contractors and subcontractors, and the subsidiaries, affiliates, directors, officers, employees, agents, suppliers, predecessors in interest, successors, insurers and assigns of any of them (the "Released Parties") from any and all past, present or future claims, liabilities, demands, costs, damages, actions, causes of action, rights, judgments, debts, contracts, promises, allegations, obligations, duties, suits, expenses, assessments, penalties, charges, injuries, losses, sanctions, contempt proceedings, attorney's fees, injunctive relief and any other causes of action of whatsoever character, at law and in equity, whether known or unknown, asserted or assertable, and whether based in contract, in tort (including misrepresentation, negligence or strict liability), in equity or otherwise, arising out of, resulting from or in any way connected with, either directly or indirectly (a) Claims, (b) the Contract, (c) or any engineering, services, equipment, material and other work provided or not provided by ABT on the Intermountain Power Plant Unit #2, including but not limited to, any defects, nonconformities, impact on operability or functionality. The provisions of this paragraph 2 shall not be deemed to waive, release or discharge any obligations of ABT and Siemens under the warranty on the equipment, materials and components to be provided by Siemens under the Scope of Supply as set forth in the last paragraph of Paragraph 1 above, and nothing herein shall, or shall be deemed to, waive, release, discharge or otherwise affect any future obligation under said warranty on such equipment or components for defects or nonconformities in such equipment, materials or

components from and after the date of the installation thereof and prior to the expiration of the warranty period.

(b) Siemens on behalf of itself and ABT, Siemens' owners, shareholders, members, partners, officers, directors, employees, affiliates, insurers, subrogees, predecessors, successors, and assigns, releases, acquits, waives and forever discharges IPSC, its respective affiliates, subsidiaries, suppliers, contractors and subcontractors, and the subsidiaries, affiliates, directors, officers, employees, agents, suppliers, predecessors in interest, successors, insurers and assigns of any of them (the "IPSC Released Parties") from any and all past, present or future claims, liabilities, demands, costs, damages, actions, causes of action, rights, judgments, debts, contracts, promises, allegations, obligations, duties, suits, expenses, assessments, penalties, charges, injuries, losses, sanctions, contempt proceedings, attorney's fees, injunctive relief and any other causes of action of whatsoever character, at law and in equity, whether known or unknown, asserted or assertable, and whether based in contract, in tort (including misrepresentation, negligence or strict liability), in equity or otherwise, arising out of, resulting from or in any way connected with, either directly or indirectly Siemens/ABT's investigation of the Claims, the development of the Proposal or the performance of Siemens/ABT's obligations hereunder except as set forth in the Scope of Supply. The foregoing release shall not apply to shall not be deemed to waive, release or discharge any obligations of IPSC under the Scope of Supply, including but not limited to payments to Siemens.

(c) For the avoidance of doubt, the provisions of paragraphs 2(a) and 2(b) above shall not be deemed or construed to waive, release or discharge the obligations of either party under Article 1 above.

3. **Waiver of Subrogation Rights**

IPSC hereby waives and shall require their insurers to waive any and all existing and future claims, demands, actions, causes of action, liabilities, and obligations in anyway connected with the claims, demands, liabilities, and causes of action at law and in equity that have been released and discharged hereunder.

4. **Dismissal of Litigation**

IPSC shall, within ten (10) days of the execution of this Settlement Agreement, dismiss the Complaint with prejudice.

5. **Representation and Warranty**

IPSC warrants and represents that it is the sole holder of the matters released in paragraph 2 above. Accordingly, IPSC shall indemnify and hold the Released Parties harmless against any and all prior, existing and future claims, demands, actions, causes of action, liabilities and obligations, known or unknown, suspected or unsuspected, arising out of, or in any way connected with, the matters released hereunder.

6. **No Liability Admission**

It is agreed and understood that neither the execution of this Agreement nor anything contained herein shall be construed as an admission of liability on the part of either Party or ABT.

7. **Covenant Not to Sue**

IPSC covenants that it shall not hereafter institute, maintain, or voluntarily aid in any way any claim, demand, action, or cause of action against the Released Parties based upon any facts occurring or circumstances relating to the claims, demands, liability, causes of action both at law and in equity that have been released and discharged hereunder.

8. **Defense to an Action in Violation of the Agreement**

This Agreement may be pleaded, as a matter of law, as a full and complete defense to and may be used as the basis for a permanent injunction against any cause of action or other proceeding, including but not limited to arbitration, which may be instituted or prosecuted by IPSC in breach of this Agreement.

9. **Entirety of the Agreement**

- a. This Agreement is entered into without reliance upon any statement, representation, promise, inducement, or agreement not expressly contained within this Agreement. This Agreement constitutes the entire Agreement and understanding concerning the subject matter hereto between the Parties hereto and supersedes and replaces all prior negotiations, proposed agreements and agreements, written or oral. It is expressly agreed and understood that this Agreement may not be altered, amended, modified, or otherwise changed in any respect whatsoever except in writing and duly executed by the Parties hereto.
- b. Each Party hereto, with the assistance of its respective counsel, has read this Agreement and has had an opportunity to negotiate fully the terms of this Agreement. Accordingly, any rule of construction seeking to resolve any ambiguities against the drafting party shall not be applicable in the interpretation of this Agreement.
- c. Each of the Parties to this Agreement hereby affirms and acknowledges as to itself. (i) that its representative with the authority to compromise and settle the claims referred to hereto and has read and understood this Agreement; (ii) that the terms of this Agreement and the effects thereof have been fully explained to that representative by its counsel; (iii) that its representative fully understands each term of the Agreement and its effect, and (iv) that it has not relied upon any statement, representation, or inducement (whether material, false, negligently made or otherwise) of another party with respect to its decision to execute this Agreement.
- d. This Agreement may not be modified or waived other than in writing signed by all of the Parties bound hereto.
- e. This Agreement may be executed in duplicate original counterparts, each of which shall be considered an original for all purposes.

10. **Effect of the Agreement**

This Agreement contained herein, shall be binding on the Parties and their respective successors in interest, and attorneys of the respective parties hereto, and shall inure to the benefit of the Parties and ABT, the successors in interest, and attorneys of them respectively.

11. Confidentiality

This Agreement and all correspondence, including prior contracts and concessions, related hereto are confidential to the Parties, and except as specifically provided herein, the Parties shall not publish, reproduce, transmit or disclose any of the information contained in this Agreement or related correspondence (hereinafter "Contents") without the prior written consent of the non-disclosing Party. This obligation shall not apply to disclosures mandated by law. This obligation shall also not apply to disclosures required by the appropriate governmental authority having specific jurisdiction provided, however, prior to such disclosure the disclosing Party will, if reasonable: (a) provide the non-disclosing Party with timely advance written notice of its intent to so disclose, (b) minimize the amount of Contents to be provided consonant with the interest of the non-disclosing Party and the requirements of the governmental authority involved; and (c) make every reasonable effort (which shall include participation by the non-disclosing Party in discussions with the governmental authority involved) to secure confidential treatment of the Contents to be provided.

12. Choice of Law

This Agreement shall be construed and governed in all respects according to the laws of the State of Utah without application of its choice-of-law rules.

IN WITNESS WHEREOF, the Parties have executed this Comprehensive Settlement Agreement and General Release on the date first written above.

Intermountain Power Service Corporation

Siemens Power Generation, Inc.

BY Sergey W. Linares

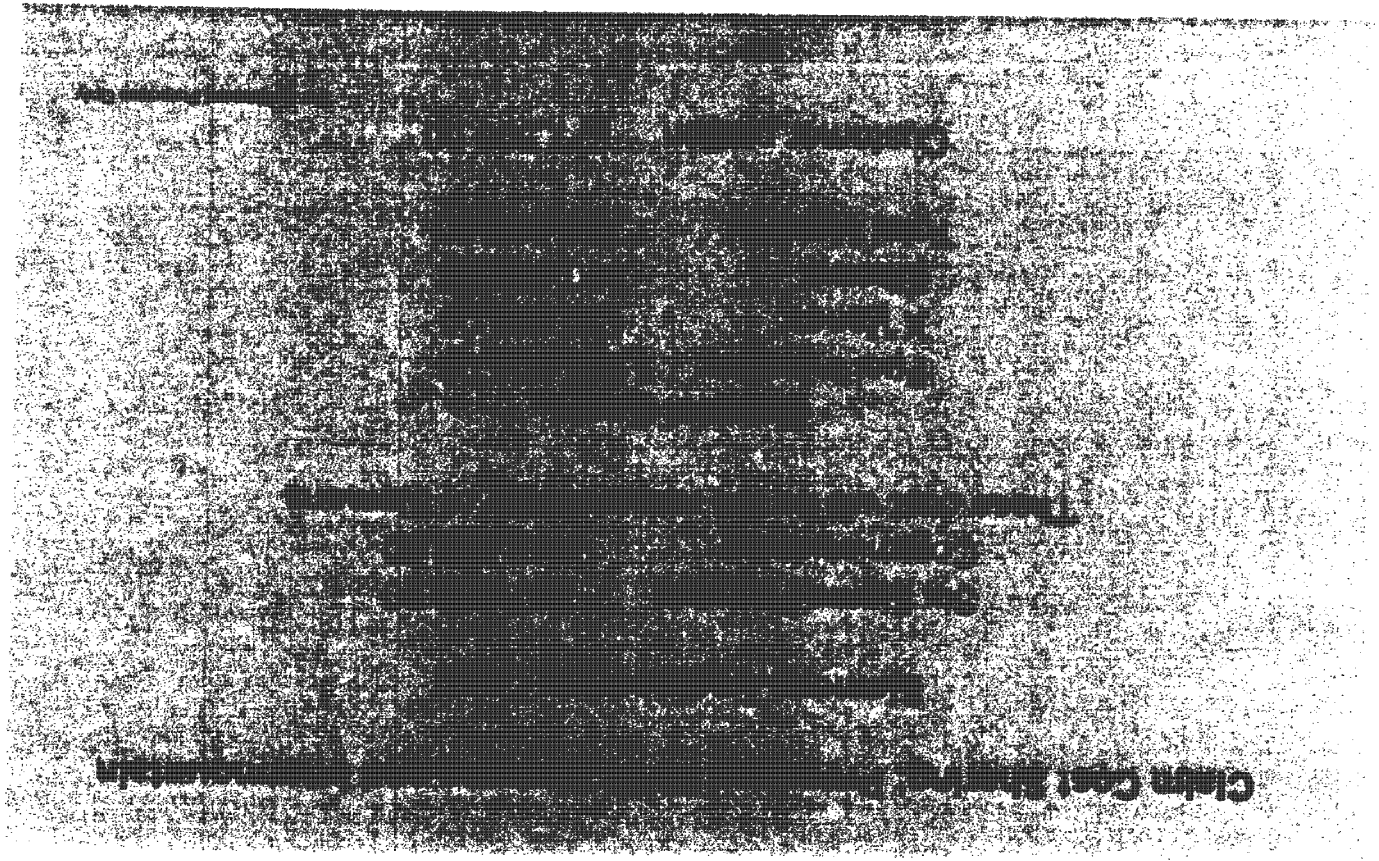
BY Thomas A. Lockman

Title: _____

Title: _____

Date: 1/15/08

Date: 1/17/08



Intermountain Warranty Claim

Exhibit A

SIEMENS

Exhibit "B"**Intermountain Power Service Corporation
Delta, Utah Unit #2****Scope of Supply, Financial Responsibility & Conditions**

The following table indicates which party is responsible for the listed activities and materials:

	Scope	Supply		Financial Responsibility	
		Siemens	IPSC	Siemens	IPSC
1.	Engineering Design and Analysis	X		100%	
2	Fabrication of Fuel Injector Assemblies per design documentation completed under item 1 above	X		50%	50%
3	Fabrication of Replacement Elbow Assemblies per design documentation completed under item 1 above	X		50%	50%
4	Supply of Thermocouples in Fuel Injector per design documentation completed under item 1 above	X		50%	50%
5	Supply of gaskets between FI and Elbow, also between Elbow and Fuel Pipe per design documentation completed under item 1 above.	X		50%	50%
6	Supply of bolts between FI and Elbow, also between Elbow and Fuel Pipe per design documentation completed under item 1 above.	X		50%	50%
7	Delivery of Fuel Injectors and Elbows to Site	X		50%	50%
8	Unloading/storage of Fuel Injectors and Elbows at Site		X		100%
9	Removal and Disposal of existing Fuel Injectors and Elbows		X		100%
10	Installation of Fuel Injectors and Elbows		X		100%
11	Materials and Labor for repairing any damage to the burner inner sleeve and/or registers		X		100%
12	Commissioning Technical Consultant	X		100%	
13	Commissioning, including any Required Operational Support		X		100%

Conditions:

1. The fuel injectors and other components to be provided by Siemens as above are considered to be provided as if under the existing contract warranties, subject to the compensation per the financial responsibility provisions identified above and as delineated in the Proposal.

1/2/2008

2. Delivery of all materials is scheduled for prior the start of the Unit 2 outage which begins March 29, 2008.
3. Post outage commissioning will be performed in the 30 day period following the Unit 2 outage which is scheduled to end on April 27, 2008.
4. Elbow flanges will be welded to the elbow during fabrication and aligned with the existing coal pipes.
5. Elbows will be delivered to the site assembled with the x-vane assembly and flatback attached.
6. Any items not identified above are considered to be in the scope of IPSC.

IP7021055

IPSC Pay Request: 08-0331 (H)

Vendor: 9119 - 2
Payee: SIEMENS POWER GENERATION
DEPT: CH10169
PALATINE, Illinois 60055-0169

Amount: 877,500.00
Accrued Tax: 51,772.50
Due Date: 06/16/2008

Comments: CLAIM COST SHARING: 50/50 as per settlement with SIEMENS for 48 each Fuel Injectors, X-Vanes, and Flat-back Elbows

Invoices: 2970006302

PO's: 08-64792

Audit History:

<u>Date/Time</u>	<u>Action</u>	<u>Action By</u>	<u>Comments</u>
06/16/08 11:36:10	Forward	Rita Finlinson	
06/16/08 01:11:09	Approve	Chad Rappleye	
06/16/08 03:02:33	Approve	Wes Bloomfield	
06/17/08 07:44:12	Approve	George Cross	
06/19/08 08:53:59	Approve	Saif Mogri	
06/19/08 09:03:37	Approve	Krista Paull	

SIEMENS

SIEMENS POWER GENERATION, Inc.
A Siemens Company

INVOICE
Page 1 of 1

4400 Alafaya Trail
Orlando, FL 32826-2399

Invoice No: 2970006302	P.O. No: 08-64792	Customer No: 1321
Invoice Date: 6/10/2008	P.O. Date:	Order No:
		Payment Terms: DUE IMMEDIATELY

Bill To: Intermountain Power Service Corp. Accounts Payable - Attention Rita Pinlinson 850 W. Brush Wellman Road Delta, Utah 84624-9546	Remit To: SIEMENS POWER GENERATION, INC Wiring Instructions: Bank Name: Mellon Bank, N.A. Address: Pittsburgh, PA ABA# 043000261 Account Name: Siemens Power Generation, Inc. Account # 038-0289 MAILING INSTRUCTION: DEPT: CH0169 PALATINE IL. 60055-0189 USA Please show on your remittance: Customer No. and Invoice No.
--	--

Ship To:	Sold To:	Invoicing Notes:

ITEM NO.	MATERIAL NUMBER	DESCRIPTION	QUANTITY	UNIT of MEAS	AMOUNT IN US DOLLARS	
					UNIT PRICE	TOTAL PRICE
		CLAIM COST SHARING: 50/50 AS PER SETTLEMENT BETWEEN SIEMENS AND INTERMOUNTAIN			Lines 1, 2, 3	\$877,500.00
		TOTAL AMOUNT DUE:				\$877,500.00
		ACCRUED TAX \$ 51,772.50				

We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof. NOTICE: Prices hereon, following our company policy, may be based upon price(s) in effect at time of shipment, therefore may not be the same as the price(s) on your order.

RECEIVED
JUN 16 2008
IPSC ACCOUNTING

256X-402

WO# 06-03474-0

VENDOR # 9119 REMIT TO # 2
VOUCHER # 0812037601
AMT PAID \$ 877500.⁰⁰
CHECK NO. 08-331 DUE DATE 6/16/08
PR
HP

IP7021057